THE UNIVERSITY OF CHICAGO

ROUND TABLE

IS THE GOOD NEIGHBOR POLICY HERE TO STAY?

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A Radio Discussion by PERCY BIDWELL
ERIC JOHNSTON *and* ROBERT REDFIELD

480TH BROADCAST IN COOPERATION WITH
THE NATIONAL BROADCASTING COMPANY

NUMBER 268 * * * MAY 9, 1943

Around the Round Table . . . .

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ERIC A. JOHNSTON, president of the United States Chamber of Commerce, has recently spent six weeks in South America as chairman of the United States Inter-American Development Commission. He is a member of the Committee for Economic Development and of the Economic Policy Committee of the State Department. Mr. Johnston received his LL.B. degree from the University of Washington and was recently awarded an LL.D. degree from Whitman College (Washington). He has contributed magazine articles on the current problems of business to the *Reader's Digest*, *Atlantic Monthly*, and *Collier's*.

ROBERT REDFIELD, a member of the anthropology department of the University of Chicago, has been dean of the Division of Social Sciences of the University since 1934. Dean Redfield received his Ph.B., J.D., and Ph.D. degrees from the University of Chicago and has been associated with the University's anthropology department since 1927. He is a research associate of the Carnegie Institution of Washington in charge of ethnological and sociological field work and a member of the Social Science Research Council. Since 1930 Dean Redfield has done extended research and study in Yucatan and Guatemala. He is the author of *Tepoztlán: A Mexican Village* (with Alfonso Villa) (1930); *Chan Kom: A Maya Village* (1934); and *The Folk Culture of Yucatan* (1941).

IS THE GOOD NEIGHBOR POLICY HERE TO STAY?

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MR. REDFIELD: It is now ten years since President Roosevelt in his first inaugural address announced the Good Neighbor policy. That meant that the United States would no longer interfere in the affairs of Latin-American nations and that dollar diplomacy was at an end.[1]

MR. BIDWELL: That seems to be a fine definition of what the Good Neighbor policy ought to be, but, if I am hearing correctly, it seems to me that there are still a great many people in the United States who believe that "dollar diplomacy" really is not dead and in fact that we may be very busy resurrecting it right now during the war.[2]

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[1] ". . . . Ten years ago we had set vigorously about the task of strengthening the bonds of the American family of nations. It was high time. Had we not done so the Western Hemisphere might have been torn to pieces as have been Europe and Asia. . . . . At Montevideo in 1933 we stated the basic principles of the Good Neighbor policy, including: acceptance of the rule of law; renunciation of the use of force; open and expanding commerce; abandonment of intervention. At Buenos Aires in 1936 we clarified and strengthened those principles and established the practice of consultation. At Lima in 1938 we proclaimed the doctrine of the common defense of this hemisphere. At Panama in 1939, after war had begun in Europe, we took steps to implement that doctrine . . . ." (speech by Secretary of State Cordell Hull, delivered before the Pan-American Union in Washington on Pan-American Day, April 14, 1943).

[2] "Dollar diplomacy" involves the use of political and diplomatic pressure to safeguard capital investments which are sent abroad. Investors either loan money to impecunious governments or invest in some private enterprise in more backward regions, often on usurious terms calculated to exploit the borrower to the limit of endurance. When the repayment of such obligations has been endangered through bankruptcy or local revolution, the lenders have appealed for

MR. JOHNSTON: Gentlemen, you're both right and you're both wrong. It seems to me, Redfield, that you are right in that the goal for which we are working is no interference in South America. Bid well, it seems to me that you are right in that we are interfering some now. But we are at war; we are busy defending the Western Hemisphere; we are busy securing the materials essential to the prosecution of this war and to its victory at the earliest possible time. Consequently, there is some interference.

MR. REDFIELD: The problem, then, is the relation between two things, both of which we are talking about today. On the one hand there is noninterference—the independence of the Latin-American countries. On the other hand, there is the new interdependence and the building-up of a hemispheric organization in order that the war shall be won. The question is whether we can do the latter and safeguard the objectives of the former.[3]

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diplomatic or military support from their own governments. If this support is given, the result in many cases is the landing of marines, the collection of customs duties by agents of the investors' government, and the imposition of a financial and political protectorate upon the defaulting country.

[3] The Administration of President Hoover effected several modifications in Republican policy in relation to Hispanic America: (1) the denial of the right of revolution was confined in its application to the five republics of Central America; (2) the lives, property, and dividends of citizens of the United States were protected with somewhat less vigor; and (3) the Theodore Roosevelt corollary of the Monroe Doctrine (which sought to placate European powers by promising to regulate the conduct of certain Latin-American states and which had served as the basis for the establishment of the Caribbean protectorates) was renounced, and the marines were withdrawn from Nicaragua, and preparations were made for their withdrawal from Haiti.

President Franklin Roosevelt's policy, which in many respects was a continuation of that of President Hoover, was launched as early as July, 1928, in an article he published in *Foreign Affairs*, in which he said that the United States should not only renounce territorial conquest but also renounce arbitrary inter-

The University of Chicago ROUND TABLE. *Published weekly. 10 cents a copy; full-year subscription, 52 issues, two dollars. Published by the University of Chicago, Chicago, Illinois. Entered as second-class matter January 3, 1939, at the post office at Chicago, Illinois, under the Act of March 3, 1879.*

MR. BIDWELL: In other words, we're trying to see how the wartime expedient policy is related to the Good Neighbor policy and whether, after this war is over, the Good Neighbor policy may emerge stronger or weaker than it was before Pearl Harbor.

MR. JOHNSTON: I think that it will emerge stronger than before Pearl Harbor.

Probably you gentlemen know that I have just completed a six-week trip to South America. There I visited the presidents of seven countries. We talked to the leaders of labor; to the leaders of business, both native and foreign; and to the leaders of the church. We talked very frankly to those people, and I believe that I can assure the American people today that the people of South America have a great interest in the United States and that they want to continue a Good Neighbor policy after this war is over.

MR. BIDWELL: Don't you think that we ought to consider, if we're going to try to find out whether the Good Neighbor policy is going to survive, what the present tactics are which are being employed and whether those will be conducive to better or worse relations after the war?

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vention and diplomatic pressure in support of vested interests. In his inaugural address, he announced the policy of "the good neighbor."

The attitude of the Roosevelt Administration delegates at the Pan-American Conferences since 1933 has been conciliatory, and the Latin Americans have been given the pledges of security which they had long sought at such assemblies. They have been permitted to air their grievances, and they have been heard with a disposition to do something. The important concessions which have been made since 1933 can be summarized as follows: (1) the Platt Amendment (the United States could intervene in Cuba to restore order) has been abrogated; (2) a treaty has been signed and ratified restoring fuller sovereignty to Panama; (3) the marines have been withdrawn from Haiti; (4) the recognition policy of the United States, as applied to the five republics of Central America, was reversed, and all attempts to deny the right of revolution to any nation in Latin America were dropped; (5) pledges of nonintervention were signed; and (6) a disposition was revealed to transform the Monroe Doctrine from the exclusive instrument of the United States to a Pan-American policy of security (J. Fred Rippy, *Historical Evolution of Hispanic America* [New York: F. S. Crofts & Co., 1942]).

MR. REDFIELD: Johnston is the fellow that has had the recent opportunity to appraise the situation in that regard. I gather from what you have just said, Johnston, that you didn't do much of your talking through our diplomatic representatives. Is that right?

MR. JOHNSTON: I think that it is time now to talk perfectly frankly with other peoples of the world and particularly with our neighbors to the south. Obviously, I talked perfectly frankly to them.

I remember a luncheon which Aranha, the foreign minister of Brazil, gave us in which he said, "One more good-will trip to South America and to Brazil, and Brazil will declare war on the United States."[4]

MR. REDFIELD: You can kill them with kindness.

MR. BIDWELL: In other words, I think that what you are getting at is that we should not avoid, in our conversations with them, the difficult things. We should not pass over the sources of conflict between them and us.

MR. JOHNSTON: Obviously we should not do that. One of the things that I stressed in all the countries of South America which I visited was that I didn't care who had promised them what but that they probably were not going to get it. I told them that I thought that the time had arrived when we should talk perfectly frankly, as businessmen, as North and South Americans.

MR. BIDWELL: And they liked that kind of talk?

MR. JOHNSTON: Of course they liked it.

MR. REDFIELD: There is something else that they might not like so well. I have heard it said that what we are doing down there is buying good will by spending money, and we must be spending a great amount of money, aren't we?

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[4] Oswaldo Aranha is Minister of Foreign Affairs of the Getulio Vargas government in Brazil.

MR. BIDWELL: I had an occasion to look into that a little while ago. According to the best estimates I could find, our expenditures of government money in the twenty republics during 1943 will be somewhere between a billion and a billion and a half dollars.

MR. REDFIELD: There you are! The United States has often been for Latin Americans the country of the almighty dollar. May it not be said of us that we are coming down with our dollar to buy their friendship? Friendship is something that cannot be bought.

MR. BIDWELL: Of course, judged by the scale of our present government spending, a billion and a half dollars is not a large sum.

MR. REDFIELD: It must look large to the Latin Americans.

MR. BIDWELL: By Latin-American standards, it's a very considerable sum, indeed. It equals three-quarters of the value of total exports of the twenty countries in pre-war years.

MR. JOHNSTON: That's a tremendous amount.

MR. REDFIELD: Johnston, what do they think of our various purchases and our gifts and our supports to their various endeavors? Does it make sense to them?

MR. JOHNSTON: That sounds like the impractical viewpoint of a professor.

MR. REDFIELD: I am not surprised it does.

MR. JOHNSTON: We are not giving them anything. We are buying things from them. We may be paying more for those things than we would normally. We are paying more for rubber than we did before the war; we are paying more for copper; we are paying more for wool. This is war. We need those things, and they have gone to great expense in order to produce many of them for us.

MR. REDFIELD: While I am making objections to the tactics we are using in expressing our Good Neighbor policy, I would like to make one more. To make it I will cite an occurrence that took place

SOUTH AMERICA
PRINCIPAL ECONOMIC RESOURCES
VENEZUELA
SILVER
COLOMBIA
BRITISH
DUTCH
FRENCH
GUIANA
ECUADOR
PERU
SILVER
RUBBER
BRAZIL
TIN
BOLIVIA
SILVER
TIN
PARAGUAY
CHILE
SILVER
URUGUAY
COPPER
ARGENTINA
LEGEND
OIL
CATTLE
GOLD
SHEEP
COFFEE
COAL
IODINE
NUTS
IRON
DIAMONDS
COTTON
NITRATES
STEEL
EMERALDS
SUGAR CANE
BOUNDARIES
BROWNLEE HAYDON

in December at a meeting of the International Institute of Ibero-American Literature. This was a gathering of representatives of Latin-American and North American culture. These gentlemen are well aware of what we are doing in their countries as war measures. Taking a special account of a periodical that circulates down there under our government's auspices, a periodical called *En Guardia*, they passed the following resolution. I call it to your attention, Johnston, and ask you what you think of it. These gentlemen unanimously resolved that *En Guardia* continues to foster in the other American Republics the idea that the United States is still an imperialistic power and a wielder of the big stick. That would seem to me some evidence that we are not accomplishing all that we are trying to accomplish.

MR. JOHNSTON: I do not think that we will ever accomplish all we want to accomplish at once. I judge from what you say that you feel that when people come to this country from South America, we show them too many military reservations and production centers. We try to impress them too much with our might. Is that what you mean, Redfield?

MR. REDFIELD: That's part of what I mean. We show them how strong we are in building factories and in building armies. The Latin Americans have often thought of us as the people who know how to make things but who do not know how to think or to feel things. We have been the people that can do but not the people with a soul. The question I'm raising is that, in order to serve the interests of the necessary war measures, we may be endangering the objectives of the long-range Good Neighbor policy.

MR. BIDWELL: I would like to hear Johnston's view on what businessmen can do to forward the tactics of the Good Neighbor policy. The people in Latin America, as I understand it, are coming into a very critical period of transition between a kind of feudalism and modern business enterprise. What can we do to help them in this transition?

MR. JOHNSTON: There is much that we can do in South America to be of assistance, but we must do it on a measure of cooperation with the peoples of those countries.

MR. REDFIELD: "Cooperation" is a very pretty word, but I'm sure that we would like to know just what it means.

MR. JOHNSTON: I mean that when American business attempts to invest money in South America it should do it with some of the nationals of the countries involved.

MR. REDFIELD: You mean to have the nationals own the business with the North Americans?

MR. JOHNSTON: Why, of course, I mean that! In many of the countries of South America these people told me that they wanted to invest money with Americans.

MR. REDFIELD: Do they have the money?

MR. JOHNSTON: I think that they have the money. The president of one great organization, in fact of one great country of South America, said to me, "Mr. Johnston, the Yankee trader is the shrewdest businessman in the world. We'd like to invest money with Americans."

MR. BIDWELL: Are they willing to go in on a fifty-fifty basis?

MR. JOHNSTON: They're willing to put money up all the way from 20 to 40 per cent of the equity in any enterprise. One businessman in South America told me that he could raise for a certain enterprise four million dollars any time that Americans thought it was a good deal to go into.

MR. BIDWELL: Do you think that we ought to sell them preferred shares or common shares in these enterprises?

MR. JOHNSTON: I think that we ought to sell them common shares.

MR. BIDWELL: In other words, they ought to really participate in the management?

Mr. Johnston: Right.

Mr. Redfield: The idea seems to me good, but it is not enough for them to own common shares, because, as you and I well know, actual control of a business is not always vested in the stockholders. Therefore, I ask you, should they not also participate in management?

Mr. Johnston: Of course they should participate some in management. They realize, in many instances, that American technicians and American management are much superior to what they have, and they are perfectly willing to allow Americans to manage most concerns.

Mr. Redfield: Yet, Latin-American countries have laws and are passing more which limit the participation of North American personnel in the management of industry in their countries.

Mr. Johnston: That is an evidence of the growing nationalism one finds in South America. One finds it not only there but one finds it in other places in the world.

I remember an incident in Brazil, where they were contemplating the passage of a law which would prohibit a foreigner from doing business in Brazil, even in a managerial position, unless he had lived in the country for ten years or unless he had a Brazilian wife.

Mr. Bidwell: That raises a thing on which I would like Johnston's opinion. What part should the government of the United States play in the development of Latin-American business after the war?

Mr. Johnston: I think that it should help to bring our political relations into such shape as will make it possible for business to have fair treatment, to preserve the competitive capitalist system in the world, and to develop the resources in a way such as to promote sound economy and to bring a rise in the standard of living of the masses of the people.

We should ask not for any discrimination against other business

SOUTH AMERICAN IMPORTS: 1938
VENEZUELA
COLOMBIA
GUIANA
ECUADOR
PERU
BOLIVIA
BRAZIL
PARAGUAY
ARGENTINA
URUGUAY
CHILE
FROM THE U. S. A.
FROM ALL OTHERS
BROWNLEE HAYDON

people of other countries but for the opportunity for business in general under a free-enterprise system to flourish and to develop.

MR. REDFIELD: Those are the ends, but what would be the means? Today the government of the United States is actually a buyer and a seller—a businessman in the Latin-American market. What can we do after the war?

MR. JOHNSTON: I think that we should, in the first place, enact the reciprocal trade agreements.[5] We must have a freer exchange of goods and services between the countries of the New World. We must eliminate the high tariffs that existed prior to World War II. In addition to that, we must try to encourage a feeling of the relationship among countries of the world rather than a supernationalistic spirit. We should attempt to help the people of South America, and we should recognize the mistakes which we've made.

MR. BIDWELL: That brings up the question of our relations, political and economic, with the Western Hemisphere. How do you feel, Redfield, about proposals that a regional bloc should be established in this hemisphere in which the United States should have special relations with the countries of Latin America?

MR. REDFIELD: I will accept that question and try to do a little something with it. It means making something of a new beginning on this program, dealing with the Good Neighbor policy and whether it is here to stay. It seems to me that you gentlemen have so far very successfully sketched out the policy which might be followed in keeping Latin-American nations and our own nation in a single economic and perhaps social organization.

But it seems to me that the problem cannot be discussed solely in those terms. It must be considered against the background of the whole world's affairs.

I would put the question, the doubt—even the anxiety—in these

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[5] See Ralph E. Flanders, T. W. Schultz, and Jacob Viner, *What about the Trade Agreements?* a University of Chicago ROUND TABLE transcript, No. 265, broadcast April 18, 1943.

words: Might it not be that, in organizing Latin-American countries and North America into an intricate system of economic relations we would be building up a regional bloc over here—a hemisphere unity—which would emphasize regionalism at the expense of internationalism and perhaps make difficult our participation in the new world order?

MR. BIDWELL: In other words, it is not only a question of what we think about our relations with Latin America and what they think about their relations with us. It's a question of what the rest of the world thinks about our relations with the Latin Americans.

MR. REDFIELD: Yes. I think that probably Johnston will not like what I'm going to say, and perhaps you will not approve of it either, Bidwell. If I were a European statesman, I might view with some alarm the high-pressure, high-power building-up of a Latin-American–North American economic organization. I might, if I were such a statesman, wonder if that did not indicate a disposition of the United States to remain on its side of the water. I think I might wonder if the people that I, as a European, used to think of perhaps as isolationists were not developing their isolation in a new form.

MR. BIDWELL: What new form would that take?

MR. REDFIELD: In terms of a hemisphere fortress within which we would retire.

MR. JOHNSTON: I do not think that that's true at all, and I do not think you really think that either.

As a matter of fact, South America is the only continent we can

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[6] Under Secretary of State Sumner Welles on Pan-American Day, April 14, 1943, said: ". . . . It is my cherished conviction that in the world of the future the freedom-loving democracies of the New World will in very truth guide the feet of all men into the paths of peace. They recognize, I believe, that the New World can never attain that measure of security and of well-being to which it aspires, except in collaboration with the other states and regions of the world. To this collaboration the American republics have much to bring. . . . ."

do business with fairly successfully at the present time. We are developing South America and developing a friendship with South America at the same time. I do not believe that it means we are going to exclude business relationships with other continents of the world after this war is over.

MR. BIDWELL: If we should try to exclude them, it is my feeling that we will complicate enormously our relations with Latin America itself.

MR. REDFIELD: The question, however, is not what we are trying to do but how our actions are read.

MR. BIDWELL: No, I do not think that that is the whole question. I think that it is a question of whether we can successfully do what we are trying to do within the framework of the Western Hemisphere. If you examine our trade relations with that area, you will find that there is no possibility of establishing a workable economic unit. As a matter of fact, if you look at the question clearly and impartially, you will find that it is true, and I'd like to lay this down as a thesis: We cannot solve the problems of our relations with Latin America within the framework of the Western Hemisphere.

MR. JOHNSTON: That's all right, but isn't it also true that in the whole world a supernationalism is developing? It is found not only in the United States but certainly in the countries of South America. In every one of the countries that I visited, I found that each was desirous of passing legislation which would benefit the people of its own country, irrespective of the rest of the world.

MR. BIDWELL: That's right. I agree with that. But I think that it would be a great mistake to substitute a superregionalism for a supernationalism.

MR. JOHNSTON: American business has made many mistakes in the past. I am the first one to admit it. But I do not think that it will be the mistake of American business in the future to want to

HOW LARGE ARE THE LATIN-AMERICAN COUNTRIES?*

	Total Area in Square Miles	Total Population
Mexico	758,258	19,848,322
Guatemala	48,290	3,284,269
El Salvador	13,176	1,744,535
Honduras	46,332	1,038,061
Nicaragua	57,143	1,133,572
Costa Rica	23,000	639,197
Panama	34,169	573,351
Venezuela	352,170	3,491,139
Colombia	439,828	8,701,816
Ecuador	330,000†	2,921,688
Peru	500,000†	6,762,881
Bolivia	419,470	3,457,000
Chile	286,396	4,677,089
Paraguay	169,266	1,000,000
Argentina	1,079,965	13,129,723
Uruguay	72,153	2,122,628
Brazil	3,286,170	45,002,176
Cuba	44,164	4,227,597
Dominican Republic	19,325	1,655,779
Haiti	10,700	3,000,000

* The twenty-one independent states in the Pan American Union include 258,000,000 people, of which the United States comprises approximately 130,000,000. South of the United States lie eight million square miles of territory, or 19 per cent of the world's inhabited continents. But its population is only 6 per cent of that of the world. The figures on this chart are for 1938 (Preston James, *Latin America* [New York: Lothrop, Lee & Shepard Co., 1942]).

† Approximately.

LATIN AMERICA TODAY

Source: Coordinator of Inter-American Affairs, *Inter-American Monthly* and *Business Week*.

erect a supernationalism in our own country or to look with favor upon the erection of a supernationalism in other parts of the world.

MR. REDFIELD: Again, Johnston, you are talking about what ought to happen or what you think should happen. I think that we should say more about what is actually happening. I caught a phrase in one of your recent remarks to the effect that the countries south of us are, like ourselves, building up restrictions to international trade. Are you referring to tariffs?

MR. JOHNSTON: I am referring to tariffs; I am referring to restrictions which prohibit immigration; I am referring to restrictions which prohibit foreigners from doing business in the country and which refuse to allow capital to come into countries, and so forth.

MR. REDFIELD: What are we going to do to prevent that? Does that call for a new international conference?

MR. JOHNSTON: I do not think that it calls for a new international conference. It means that we in the United States must have a feeling of real friendliness and real neighborliness to the people of South America. We cannot act as superiors to those people. For instance, in South America it is the habit of many North Americans to join North American clubs and not to associate with the people there. The people of South America do not like that. They want the foreigners to associate with them, to treat them as equals, to feel that it really is a Good Neighbor policy in fact and not just in name.

MR. REDFIELD: We have mentioned several of the difficulties and dangers that lie in the way of implementing a real Good Neighbor policy. We have mentioned the possible interpretation of what we are doing as a regional bloc. We have mentioned the attitude of superiority which unfortunately some Americans have toward Latin Americans. We have mentioned a most important trend toward exaggerated nationalism. While we are reviewing these difficulties and dangers which must be faced, I am sure that there are more that should be added.

MR. BIDWELL: I think that we ought to make a catalogue of the unfinished business—of the points of conflict and difficulty which have hindered the Good Neighbor program—in order to see what can be done, while the war is on, to remove them. I think that we have to come to an understanding regarding the investment of private capital. Johnston, I heard you say something about that the other night when we were talking this over. Under what conditions do you think it might be possible to protect American investment against the possibility of expropriation without compensation?

MR. JOHNSTON: I think perhaps we will have to set up insurance companies which will pay back the original investment of foreigners in Latin-American countries in case the property should be expropriated. Policies and plans can be worked out to guarantee foreign capital in the investment of South America so that it will not face the danger which it thinks it might face.

MR. REDFIELD: That sounds like a pretty good suggestion. I wonder if you have as good a suggestion with reference to another difficulty. There are now in default millions of dollars of bonds, issued by governments of Latin-American nations, and unpaid. Have you a solution for that?[7]

MR. JOHNSTON: I have no solution for it, except that I think one must be secured, and I believe that we must start immediately to work on a program of refunding those bonds in some method so that the people of those countries can take care of them and so that they can be liquidated.

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[7] On December 31, 1939, $1,610,332,000 of dollar bonds issued or guaranteed by Latin-American governments, or their political subdivisions, were outstanding, of which $1,191,761,000 were in default as to principal and interest. Since that time, various countries have resumed service on these debts or submitted plans for these debts. This includes Brazil, Chile, Panama, and Colombia, among others. Direct investments in Latin America by American companies and individuals totaled $2,847,000 in 1936. Income from these investments was almost 6 per cent, in 1938, as compared with a yield of only 1.4 per cent on Latin-American dollar bonds in the same year ("Export-Import Bank Loans to Latin America," *Foreign Policy Reports*, June 15, 1941).

We must never forget that, just as an individual must have self-reliance in order to grow and prosper, so must a nation have self-reliance in order to grow and prosper. It cannot have that self-reliance if it feels that there are obligations hanging over its head like the sword of Damocles which it cannot liquidate.

Mr. Bidwell: We are discussing, I understand, at present the obstacles to achieving a Good Neighbor policy after the war. We have discussed supernationalism and the feeling of superiority which our neighbors believe we have. We have been taking up the obstacles of the unliquidated business, the unfinished difficulties. Among those are our fear of expropriation, the question of the old debts, and our trade relations with those countries. Is there anything else that we ought to do in this country to make others feel that we are really in earnest about the Good Neighbor policy?

Mr. Redfield: If you mention this country, then, one could give attention to problems current within our own borders which affect the confidence that Latin Americans have in us. I would mention three: First, our failure so far to solve the problems of Puerto Rico, a Latin-American country that belongs intimately to us. Associated with that is the fact that the Puerto Ricans have not yet been assured that it will be they who will largely determine the ultimate form of political relationship that they are to have with the American Union. A second matter of the same sort lies in the discrimination exhibited in our country toward Mexicans—Latin Americans within our own borders. The third problem, to get a little further away, is the discrimination against the American Negro.

In all these matters Latin Americans are increasingly interested. What we do with them, it seems to me, cannot help but have an influence, one way or the other, on the development of the Good Neighbor policy.

Mr. Johnston: The Good Neighbor policy, obviously, means that we must do everything to show the people south of our borders

THE AMERICAS AT WAR

that we really want to be their friends; that we really want to be their neighbors; that we really want to implement and increase the exchange of goods and services between these countries. Why? In my opinion, in order to give jobs to men, to make employment, and to continue to raise the standard of living of the masses of the people.

MR. BIDWELL: That raises, I think, in very definite shape, th question of the influence of our policy upon what goes on dow there. You have mentioned a magic formula which is getting great deal of discussion. That is full employment. I do not thin that we have perhaps made it clear enough to the people in thi country that our ability to buy from Latin America in satisfactor quantities after the war, to furnish them dollars which they ca buy with here, depends upon the maintenance in this country c full employment—that is, active use of our factories and our labo force.

MR. JOHNSTON: Full employment not only here but also i South America. Let me give you an illustration of what I mean For instance, in Buenos Aires, they have a glass factory which em ploys, I understand, about thirty-eight hundred people. They hav raised the wages of the workers in that glass factory almost twic what they were previously because most of them were common la borers previously and now they are semiskilled or skilled workers That means greater purchasing power for the people of this par ticular community—thirty-eight hundred of them. It means tha they will have more money to buy some of the things that are man ufactured in the United States.

Let me add one other thing, if I may. We may find ourselves after this war, very much like England found herself after the Na poleonic Wars—a national debt per capita in England at that tim was as high as ours may be after this war. She found herself witl a ruined continent, with a ruined fleet, with a ruined trade. Ye England became the leader, economically, of the world for the nex hundred years under a system of capitalism and the investment o funds abroad and the returns from that money. That age we cal "imperialism." It is dead. It will never return. But America ca be the leader in the next hundred years, again under this system o the investment of funds abroad; again under a system of capitalism but this time in cooperation with the nationals of the countrie involved.

Mr. Bidwell: I want to call your attention, however, to one difference between that comparison and the situation today. That expansion took place under conditions of almost entire freedom of trade and under the regime of the gold standard. How can we be sure that anything like that will take place again? It seems to me that this time we must make provision by international institutions for freedom of trade and for some kind of monetary stability.

Mr. Redfield: Yes. I am very much more pessimistic than I think Johnston is as to the possibility of a free-trade solution to the Good Neighbor and good-will problems. I think more government regulation . . . .

Mr. Johnston: I didn't say "free trade."

Mr. Redfield: . . . . is likely to be called for after the war than we have perhaps made allowance for.

Mr. Bidwell: That takes us back to what the position of the United States government should be in post-war reconstruction in Latin America. I think that Johnston gave us a very good definition of that—to try to use our influence to see that business has a fair deal but that it does not take advantage of the situation in any of these countries to raise political difficulties.

Mr. Johnston: I think that that is absolutely correct. There is no argument about that. We must understand that we are going to do business with all of the world, not only with South America. We are going to do business with Asia; we are going to do it with Africa; we are going to do it with Europe. I do not think we will have free trade after the war, but I do think we must have a freer trade. We must have greater exchange of goods and services among the various countries of the world. If we do not do so, if we incase ourselves in a hard shell of supernationalism, not only in the United States but in other countries of the world, we are going to have another world war in our lifetime.

Mr. Bidwell: Do you think that that view of yours is sympathetically received in Latin America?

MR. JOHNSTON: It is not only sympathetically received, I think but it is enthusiastically received. I can give you many illustrations of it. Probably I do not have time this afternoon.

MR. REDFIELD: It all depends, after all, on how we do it. If this demonstration with reference to Latin America can be a sort of a project to show what the whole world could do, then it will serve not only this hemisphere but all of us. Would you agree with that?

MR. JOHNSTON: Thoroughly. We do not want them to be grateful to us. We are not doing anything for them to have them grateful to us. We are getting out materials which are strategically needed for war today. We may be paying higher prices for them, but we are getting them out to win the war at the earliest possible opportunity.

MR. REDFIELD: To summarize our conclusion on the question, "Is the Good Neighbor Policy Here To Stay?" we might declare that it is here to stay but that its success depends on how we do it.

We have a problem of adjusting a short-term interest and a long-term interest. In the short term, we must win the war. To do that we must organize the economic resources of the hemisphere. In the long term, we must build so that the Latin-American nations and our nation will live in mutual respect and confidence. How, then, is this confidence to be kept and improved under the high pressure more or less made necessary by military necessity? The answer is partly given here. To the extent to which we work together, to the extent to which businessmen of both halves of the hemisphere own the enterprise—to that extent will it work. Mutual confidence grows not so much out of doing good to one's neighbor. It grows best out of working together on common problems.

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More on This Topic

BIDWELL, PERCY W., "Good Neighbors in the War, and After," *Foreign Affairs*, April, 1943. *Reviews the efforts of the United States to mobilize Latin-American resources and suggests the post-war possibilities of Pan-Americanism.*

CAMACHO, MANUEL AVILA, "Good Neighbors—Good Friends," *Vital Speeches*, May 1, 1943.

GRANT, DAVID E., "Trade and Friendship with Latin America," *Vital Speeches*, December 15, 1942. *"The whole of our education in the United States should be recast to the Inter-American point of view in history, geography, language and culture."*

HERRING, HUBERT C., *Good Neighbors*. New Haven: Yale University Press, 1941.

JONES, PAUL, "Are We Buying Friendship in Latin America?" *Saturday Evening Post*, April 17, 1943. *How the United States, by developing industry, food supply, health, and buying Latin-American products, is implementing the Good Neighbor policy.*

"Mexico as an Ally," *United States News*, April 30, 1943. *States how United States spending has created a war boom and inflation within Mexico.*

ROOSEVELT, FRANKLIN D., "United Effort for a Better World," *Vital Speeches*, May 1, 1943. *"We know that Mexico's resources will be developed for the common good of humanity. We know that the day of the exploitation of the resources and the people of one country for the benefit of any group in another country is definitely over."*

SEOANE, MANUEL, "If I Were Nelson Rockefeller," *Harper's*, February, 1943. *Criticizes the Office of the Coordinator of Inter-American Affairs for not appealing to the peoples of Latin America and for not supporting liberal movements within Latin-American countries.*

TOLEDANO, VINCENTE L., "Survey of Latin America," *Nation*, February 13, 1943. *Reports that the Latin-American people want to be treated as equals and be given something more tangible to hope for than has yet been suggested in rhetorical declarations of brotherhood.*

For present-day political information and popular articles on Latin America see the current issues of the *Inter-American Monthly*.

What Do *You* Think?

1. What is the Good Neighbor policy? What is the history of the political and economic relations between the United States and Latin America?

2. Do you agree with those who regard the present programs of the Good Neighbor policy essentially as those of wartime or crisis expediency? Or do you feel that these programs and the policy are "here to stay"? Discuss.

3. How far should the United States government itself actively cooperate with Latin-American governments to develop the resources and raise the standards of living in Latin America? In war? In peace?

4. What have been the accomplishments and failures of United States business enterprises in Latin America? After the war what role will Latin-American governments allow United States business enterprise to have in developing Latin-American resources? What role should United States business enterprise have?

5. What are the chief responsibilities which American private business interests in Latin America must assume? How would Latin-American part ownership of stock and participation in management affect the situation?

6. What are the attitudes of the Latin Americans toward the present activities of the United States in Latin America? Is the United States buying friendship in Latin America?

7. What is the relation between the reciprocal trade treaties and the Good Neighbor policy? Why would a freer exchange of goods and services between the countries of the New World be advantageous? Would free trade be desirable?

The People Say....

The following letters are representative of the views expressed by the ROUND TABLE *audience on "The Future of Empire," broadcast May 2, 1943.*

*

Disagreement Basic Difficulty

.... your ROUND TABLE exemplified the basic difficulty in all controversial philosophies. Obviously, there was pronounced disagreement among your conferees at today's table—disagreement not only in your separate conclusions but in your respective premises!

Now, what can be done under such circumstances? One of you could have grabbed a gun and shot the other two. That is one method that has a certain amount of historical precedent. The other and preferred method is one of compromise despite the fact that under compromise no one group gets what it wants in total....—*A listener from New Rochelle, New York.*

*

No Colonial Restoration

....I don't think that there should be a restoration of colonies or possessions of the major powers after the war. Colonies, in my opinion, were established through warfare; they are maintained by war; and they represent the seed causes of future wars. The combination of colonial empires and protective trade tariff creates a situation by which all countries lacking colonies are penalized in trade. ....I think that there should be a League of Nations which should have the supreme military forces of the world to maintain law and order. The colonial territories themselves should by plebiscite determine whether they wish to remain under their empire's control or be controlled by some League of Nations' commission. This control should not be rigid. Each colony should be granted all possible home rule. Backward colonies should not be given complete freedom without first being prepared over a ten- or fifteen-year period for freedom with their own leaders educated and developed to take leading roles....—*A listener from Marinette, Wisconsin.*

*

Imperialism Has Had Its Day

It seems to me that imperialism, at least the kind that we have had since the sixteenth century, has had its day. Not that it is the iniquitous thing some think it is but because it has fulfilled its purpose and now must be replaced by other relationships. It was a part of the exploration of the world and the development of its natural resources. Now the colonies are ready to extend this development themselves.....I would like to see a League of Nations

control all colonial territories. This would include a real disarmament and the establishment of an international police force. The United States must take an active part in this. . . . .—*A listener from Greenleaf, Kansas.*

*

Control by Allied Agreement

In my opinion the restoration of the British, Dutch, French, and U.S. possessions to the respective countries after the war might be a mistake, and to give them full freedom would no doubt be a mistake at the present time. It would be much better for them, and doubtless for the world, if they were controlled by an agreement of some kind by the Allied Nations, by a league or something of the sort. . . . . I am of the opinion that a League of the United Nations or something similar should maintain a relationship with the so-called backward peoples, educating them to some extent, preparing them for self-government, so that human values should be the prime factor. . . . .—*A listener from Moultrie, Georgia.*

*

Territorial Boundaries Should Not Be Disturbed

. . . . For the time being and for some time to come, I believe that the territorial boundaries of the British, Dutch, and French empires should be disturbed as little as possible and certainly not by any interference from the United States. As these empires exist at the present time, they are not a cause of international disturbances and the need of the world at the present time is for stabilized internation conditions which will give us a pr longed period of peace. If an effort made at this time to unsettle these te ritorial boundaries, we can have not ing but world chaos for a long time come, and we will, in my opinion, ha gained nothing more of permanent va ue than was accomplished by t breaking-up of the European gover ments and the creation of the small d fenseless democracies by the Treaty Versailles. If, at the end of this wa the democracies can associate for t purpose of alleviating internation friction, something will be accor plished of value. If we attempt form a "United States of the World or a cure-all of the problems of t backward peoples at one fell swoo as the "lunatic fringes" of our r formers seem to desire, the world w be thrown into such turmoil that t anti-democratic countries will be ab to accomplish all of their desires eve in defeat. . . . .—*A listener from Da ton, Ohio.*

*

Imperialism Not All Bad

. . . . Imperialism is not all ba and certainly not all good. I woul support a policy demonstrated as po sible in the United States' handling c the Philippines and condemn that po tion of the British policy which has ex ploited India, subjugated its people and failed to stimulate a sense of na tional unity and progress. India to m is an extremely difficult problem, bu some of that problem is or has bee caused by selfishness on the part of th British, I believe. . . . .—*A listene from Fargo, North Dakota.*

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203. *Are We Overconfident?*
204. *Labor Policies in Wartime*
207. *Propaganda: Good and Bad*
208. *Civilian Defense*
210. *Women, Work, and the War*
211. *The American Temper*
214. *War Profits*
218. *Radio in Wartime*
220. *Limiting Wartime Incomes*
221. *Education for Freedom*
223. *China*
224. *The Near East*
226. *Crisis in Shipping*
227. *Must We Hate Our Enemies?*
229. *Should We Discuss the Next Peace Now?*
230. *Political Reconstruction of the Post-war World*
231. *Economic Requisites of a Durable Peace*
232. *Challenge of the Four Freedoms*
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234. *Wage Policy in Wartime*
235. *The Rubber Crisis*
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238. *Your Taxes*
239. *The Rediscovery of America*
240. *The Press*
241. *Manpower*
242. *The New Congress*
243. *France*
244. *Crisis Administration*
245. *The Challenge to Local Government*
246. *After One Year of War—What Have We Learned?*
247. *Italy*
248. *Social Security: Challenge to Democracy*
249. *Woodrow Wilson: Prophet or Visionary*

1943

250. *Things To Come: How Science May Shape the Next Twenty-five Years*
251. *1943—Challenge to the Republican Party*
252. *Are We Well Informed?*
253. *Behind the Labor Crisis*
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256. *Germany: Its Education and Re-education*
257. *Russia as an Ally in War and Peace*
258. *The Airplane and the Future*
259. *Bigger and Better Taxes?*
260. *Is This a Conservative War?*
261. *Education for Freedom*
262. *Minorities*
263. *The Senate and Foreign Policy*
264. *Thomas Jefferson and the Meaning of Democracy*
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266. *Morals in Wartime*
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2:00 P.M. EASTERN WAR TIME

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Altoona, Pa.	WFBG	1340	Miami, Fla.	WIOD	610
Asheville, N.C.	WISE	1400	New York, N.Y.	WEAF	660
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Bluefield, W.Va.	WHIS	1440	Philadelphia, Pa.	KYW	1060
Boston, Mass.	WBZ	1030	Pittsburgh, Pa.	KDKA	1020
Charleston, S.C.	WTMA	1250	Portland, Me.	WCSH	970
Charleston, W.Va.	WGKV	1490	Providence, R.I.	WJAR	920
Charlotte, N.C.	WSOC	1240	Raleigh, N.C.	WPTF	680
Cincinnati, Ohio	WLW	700	Reading, Pa.	WEEU	850
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Cleveland, Ohio	WTAM	1100	Rochester, N.Y.	WHAM	1180
Columbia, S.C.	WIS	560	Savannah, Ga.	WSAV	1340
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Florence, S.C.	WOLS	1230	Springfield, Ohio	WIZE	1340
Grand Rapids, Mich.	WOOD	1300	Syracuse, N.Y.	WSYR	570
Greenville, S.C.	WFBC	1330	Tampa, Fla.	WFLA	970
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Jacksonville, Fla.	WJAX	930	Washington, D.C.	WRC	980
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1:00 P.M. CENTRAL WAR TIME

Birmingham, Ala.	WBRC	960	Louisville, Ky.	WAVE	970
Bismarck, N.D.	KFYR	550	Madison, Wis.	WIBA	1310
Chicago, Ill.	WMAQ	670	Mankato, Minn.	KYSM	1230
Dallas, Texas	WFAA	820	Memphis, Tenn.	WMC	790
Des Moines, Iowa	WHO	1040	Mobile, Ala.	WALA	1410
Duluth, Minn., and Superior, Wis.	WEBC	1320	Montgomery, Ala.	WSFA	1440
			Nashville, Tenn.	WSM	650
Eau Claire, Wis.	WEAU	1070	New Orleans, La.	WSMB	1350
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Evansville, Ind.	WGBF	1280	Omaha, Neb.	WOW	590
Fargo, N.D.	WDAY	970	Rochester, Minn.	KROC	1340
Fort Wayne, Ind.	WOWO	1190	St. Cloud, Minn.	KFAM	1450
Hattiesburg, Miss.	WFOR	1400	Shreveport, La.	KTBS	1480
Hibbing, Minn.	WMFG	1240	Sioux Falls, S.D.	KSOO	1140
Houston, Texas	KPRC	950	Springfield, Mo.	KGBX	1260
Indianapolis, Ind.	WIRE	1430	Terre Haute, Ind.	WBOW	1230
Kansas City, Mo.	WDAF	610	Tulsa, Okla.	KVOO	1170
Kingsport, Tenn.	WKPT	1400	Virginia, Minn.	WHLB	1400
La Crosse, Wis.	WKBH	1410	Wichita, Kan.	KANS	1240
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12:00 M. MOUNTAIN WAR TIME

Albuquerque, N.M.	KOB	1030	Phoenix, Ariz.	KTAR	620
Billings, Mont.	KGHL	790	Pocatello, Ida.	KSEI	930
Boise, Ida.	KIDO	1380	Safford, Ariz.	KGLU	1450
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Butte, Mont.	KGIR	1370	Tucson, Ariz.	KVOA	1290
Denver, Colo.	KOA	850	Twin Falls, Ida.	KTFI	1270
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11:00 A.M. PACIFIC WAR TIME

Bakersfield, Cal.	KERN	1410	Sacramento, Cal.	KFBK	1530
Fresno, Cal.	KMJ	580	San Diego, Cal.	KFSD	600
Los Angeles, Cal.	KFI	640	San Francisco, Cal.	KPO	680
Medford, Ore.	KMED	1440	Seattle, Wash.	KOMO	950
Portland, Ore.	KGW	620	Spokane, Wash.	KHQ	590

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A University of Chicago Round Table Broadcast

MAY 16, 1943

Are We Holding the Line?

GARFIELD V. COX, Acting Dean, School of Business, University of Chicago

A. G. HART, Department of Economics, Iowa State College

GEORGE STIGLER, Department of Economics, University of Minnesota; Visiting Professor, University of Chicago

SUGGESTED READINGS

BYRNES, JAMES F., "Next Steps against Inflation," *Vital Speeches*, March 1, 1943.

"Hole in the Price Ceiling: New Drive To Stem Inflation," *United States News*, April 16, 1943.

"Inflation Can Still Be Checked," *Fortune*, March, 1943.

"The President Holds the Line," *New Republic*, April 19, 1943.

[PRINTED IN U.S.A.]